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FOR RELEASE
MARCH 25, A. M.

The AGRICULTURAL OUTLOOK DIGEST

BUREAU OF AGRICULTURAL ECONOMICS, U. S. D. A.

WASHINGTON, D. C. BAE MARCH 1953

The reductions in cattle prices over the last year have come in 3 waves.

First to drop were cows, feeder cattle and lower quality slaughter steers and heifers; last were high quality slaughter cattle. Prices of each class are now about a third below a year earlier.

Price changes of the last year are tied closely to the cattle cycle. Cattlemen expanded herds rapidly from 1950 through mid-1952. Cows and young stock stayed on farms and ranches. Marketings were relatively low. With demand strong, prices climbed rapidly.

By mid-1952, farmers were sending more cattle to market and numbers on farms increased more slowly. Total cattle slaughter the first part of this year was running a fifth above a year earlier.

Demand for breeding and feeding stock declined last summer as supplies increased. In some areas, herds were about up to grazing capacity. Dry weather reduced forage supplies in other areas. Cattle feeders, whose profits the previous winter were below-average, were reluctant to buy replacements except at lower prices. Result was a sharp decline in prices. Lower prices caused less interest in building herds. This tended to increase marketings, further depress prices.

Marketings of Good and Commercial grades picked up more last fall than those of other grades; prices declined gradually through early 1953. Biggest decline in Choice and Prime occurred after the first of the year.

Increased supplies and lower prices in farm markets were not immediately reflected at retail.

Changes in retail prices, as usual, lagged behind those in cattle prices. However, retail prices dropped sharply after January 1 and reports indicate the increased supply is now flowing readily into consumers' hands.

Many retail stores have become accustomed to handling certain grades of beef. Some sold only Choice; others only Good and Commercial. This hindered smooth price adjustment when supplies, by grades, were changing markedly.

Cattle and calf slaughter this year seems likely to exceed 1951 by about 15%. This would slow, but not halt, the increase in cattle on farms. With pork output likely to be down about as much as beef is up, meat supplies won't be much different than in 1952.

If cattle slaughter is about as anticipated, prices probably will level out and be fairly stable the rest of this year. Drought could change the picture considerably. Dry weather would force farmers to step up marketings and further depress prices.

BUSINESS ACTIVITY The products flowing from the Nation's factories at a record rate have been finding an active market. Sales in retail stores have been at or near peak levels the last few months. The market for building materials, military items, heavy industrial equipment, autos and other durable goods has been strong.

Industry has produced enough to meet demand for consumption and rebuild stocks from the low point reached after the steel strike last year. Business inventories are now larger than before the strike began.

There is little indication of any weakening in economic activity in the next few months.

DAIRY PRODUCTS Milk production broke another record in February when output was 8,533 million pounds. Mild weather and liberal supplemental feeding boosted production per cow on March 1, 5% above a year earlier and 14% above the 1942-51 average.

Greater declines in prices of cattle than in milk and butter-fat have improved the price position of dairy products compared with beef animals over the past year. However, dairy product prices are lower compared with both hog and feed prices than a year earlier.

POULTRY AND EGGS Egg prices for farmers in January and February averaged well above a year earlier. With production smaller, prices at principal wholesale markets rose in early March.

FATS AND OILS U. S. disappearance of most fats and oils, except butter and lard, has been above a year earlier so far in 1952-53. Prices of edible vegetable oils in March averaged a little higher than in February; prices of domestic inedible fats and oils showed little change. Lard has risen substantially this year but is still low compared with prices of edible vegetable oils.

FEEDS Farmers had placed 229 million bushels of corn under loan and purchase agreement through mid-February this season, a near-record for the period. Prices have strengthened since early February but are still below support levels.

USDA has announced that corn from the 1953 crop will be supported at $1.58 per bushel, or 90% of parity at the beginning of the 1953 marketing year, whichever is higher.

WHEAT About 440 million bushels of wheat were under the support program on March 5. Most of it is expected to be delivered to CCC after April 30. On March 5, CCC owned 113 million bushels acquired from crops prior to 1952. Supplies of free wheat in the carryover next July will be small.

Wheat prices have strengthened this month. With large quantities under support, a further rise is likely in the next month or so. Beginning in May, prospects for the new crop usually become the main factor in determining prices.

COTTON Prices of cotton turned upward in mid-January after declining steadily from the beginning of the season. The recent rise reflects a high rate of entries under the CCC loan program and a fairly high level of U. S. mill consumption.

Only about half as much cotton went abroad the first half of this season as a year earlier. Many importing countries have been consuming more cotton than they have imported and stocks have been reduced. This points to an increase in international trade the rest of this season unless importing countries plan to end the crop year with relatively low stocks.

WOOL Prices of wool in foreign market rose a little from early February to early March while those at Boston were generally unchanged. The average price to farmers advanced nearly a cent a pound from mid-January to mid-February when it was $3\frac{1}{2}$ cents below a year earlier.

Mill consumption of wool dropped from 382 million pounds, scoured basis, in 1951 to 347 million in 1952. Use for military items was down considerably.

TOBACCO Exports of leaf tobacco in 1952 reached the lowest level since 1918, except for war years, but are expected to increase this year. Most of the 24% decline from 1951 to 1952 was due to smaller takings by the United Kingdom. However, the United Kingdom holds options on a considerable quantity of tobacco now held in Government loan stocks. This tobacco is expected to move this year.

FRUIT Demand for Florida oranges for concentrating and canning has been strong so far this season. With the crop smaller than last year, considerably fewer oranges remained to be marketed than a year earlier. Prices have been running well above a year earlier. Movement of Florida Valencias became heavy in March and prices for this variety may strengthen further. An advance in prices of California Naval oranges also is likely this spring.

Based on a National panel of consumers, household purchasers bought about 4 million gallons of frozen orange concentrate in February, a fourth more than a year earlier and a record.

VEGETABLES The increased production indicated for the spring crops of broccoli, cauliflower, lettuce and onions points to lower prices than last spring. On the other hand, smaller supplies and higher prices are in prospect for carrots and shallots.

Potato prices have been declining since last fall; were considerably below a year earlier in late February.